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NEWSPAPER

November 5, 1990

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Advertising Age

Crain's International Newspaper of Marketing • In Two Sections • Section 1 • $2.00 • $2.50 in Canada • £3.50 in U.K.

WARNING: Political Advertising Can Legally Distort The Truth.

AD REVIEW and another fusillade of mali-

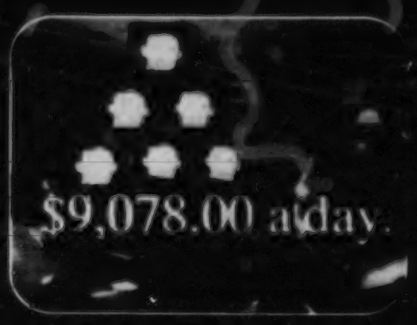
the nation in a crossfire. This isn't pack-

catches on, if it ever does, the moment for

passed." —Bob Garfield's election-eve re-

The Detroit News
"Sen. Levin ... owes it to his country to resign from the Senate Armed Service Comm."
Saddam Hussein will fail,' Bush promises

Sen. Carl Levin (D., Mich.) is no agent of Saddam Hussein, but you'd never know that from challenger Bill Schuette's ad, which questions Sen. Levin's concern for American troops in the Persian Gulf.



Sen. Dan Coats (R., Ind.) has only had two years in the Senate, but challenger Baron Hill needed to nail him on something and he found it: six TV sets purchased for Sen. Coats' office.

A happy bumblebee gives a tour of a rose garden built for Illinois Gov. Jim Thompson, in Neil Hartigan's stinging attack on Gov. Thompson's former aide, Jim Edgar.

LAST MINUTE NEWS

Volvo, Texas near agreement

AUSTIN, Texas—The Texas attorney general and Volvo today are expected to agree to a settlement in state district court here requiring the Swedish car importer to withdraw TV and print advertising the state claimed was a hoax. The TV spot and magazine spread showed a Volvo relatively intact after a monster truck car-crushing competition that was filmed here in June. The investigation focused on allegations that Volvo rigged its car with steel reinforcements while weakening competitors' vehicles. Clyde Farrell, chief of the consumer protection division in the attorney general's office, said Volvo would run a corrective ad and pay the state $316,250 in investigative costs. The corrective ad, an open letter to Texas residents signed by Volvo President-CEO Joseph L. Nicolato, claims the film production company made the changes in the cars without Volvo's knowledge. Scali, McCabe, Sloves, New York, Volvo's agency, wasn't named as a defendant in the case.

Sky TV, BSB to merge

LONDON—Rupert Murdoch's Sky Television satellite service will merge with rival British Satellite Broadcasting, a Sky spokeswoman here said Friday. The new company, to be called British Sky Broadcasting, will be a 50/50 joint venture between Mr. Murdoch's News International and current BSB shareholders. The combined service will have five channels,

(Continued on Page 8)

INSIDE

As costs soar out of control, airlines trim marketing budgets and put pressure on agency profits.
Starts after Page 40.

'News' losing ads as strike takes hold

By Scott Donaton and Alison Fahey

NEW YORK—Skittish advertisers last week began pulling out of the embattled *Daily News* and beefing up spending in rival New York tabloids and radio as the strike against the paper moved into its second week.

The Tribune Co. paper, the nation's third-largest metropolitan daily, on Friday faced hostile strikers and union sympathizers who crowded around the Daily News building. The paper has been publishing since the strike began Oct. 25 but is suffering from circulation shortfalls due to strike-related distribution problems.

Daily News management and its nine striking unions offered sharply different accounts of the effects of the strike and a union-organized advertiser boycott on the paper last week.

A *Daily News* spokeswoman said advertiser support remained steady

"If [retailers] don't get . . . assurances . . . they are going to start pulling their bucks out."

but union representatives claimed that more than 70 retailers and marketers had yanked their ads.

The strike-produced newspaper remained fat with ads as the *Daily News* adjusted its ad rates to reflect circulation declines. Still, some advertisers—worried by union claims that as few as 200,000 copies of the 71-year-old paper were getting into readers hands or in a show of support for the unions—slashed spending in the *News*. The *News*' usual circulation is just over 1 million.

Daily News management "keeps telling us what they're printing, but I'm concerned with what the actual distribution and sales are," said Jack Cohen, VP-print/outdoor media buying for DDB Needham Worldwide. Mr. Cohen said the agency yanked schedules for two of its clients since the strike began but declined to name them.

Herman's World of Sporting Goods said it had pulled advertising from the *News* "until they straighten out their

(Continued on Page 67)

Agencies whittle staffs

Ayer to cut 10% as poor economy jabs industry

By Gary Levin and Jon Lafayette

In a sign that times are only getting tougher, several major ad agencies are restructuring managements and cutting staffs as they try to cope in a recessionary environment.

Following a trend set by many of their clients, both large and small shops are rethinking how to improve performance in leaner times while maintaining their financial footing.

Ogilvy & Mather, New York, and N W Ayer this week will announce major staff changes designed to streamline and operate more efficiently, agency sources said.

At O&M, four creative directors and four group account directors will be named to new executive-level positions, reducing the number of people who report to North American President Julian Clopet *(see story on Page 70)*.

Ayer is planning a 10% staff cut throughout its offices and will revamp its New York creative department by moving Patrick Cunningham, exec VP-chief creative officer, to a new worldwide slot. He will be replaced by two co-creative directors, whom sources identified as Keith Gould, now an exec VP, and Susan Read, currently an exec VP-executive creative director at Lintas:New York.

Sources also said Stanley Mattison, New York-based president-international and exec VP-administrative services for the parent company, is leaving.

Lesser changes are expected on the account management side, where Rodger Groves, one of four executive account directors, resigned to join J. Walter Thompson USA, New York.

Ayer confirmed Mattison's departure but would not confirm the other staff moves. The agency denied staffing cutbacks would amount to 10%.

Bozell this week also is expected to

(Continued on Page 70)

'Dances' joins film efforts to target ads

By Marcy Magiera

MOVIE MARKETING

Orion Pictures is jumping on the trend toward narrowly targeted movie marketing with its newest release, "Dances With Wolves," the epic western from star Kevin Costner.

For "Dances With Wolves," about a young soldier torn between the Union army and the Sioux tribe, Orion is launching a radio campaign in several American Indian languages.

A portion of dialogue in "Dances With Wolves" is spoken in the Lakota Sioux language, with English subtitles. The film opens on a limited basis Nov. 9 and nationally Nov. 21.

Warner Bros., 20th Century Fox Film Corp. and Universal Pictures have recently used targeted direct mail campaigns to give films an extra push with a particular group of consumers likely to see a new movie.

Orion and Paramount Pictures Corp. are showing film trailers in places other than movie theaters —on college campuses, in video stores and on TV screens at consumer electronics retailers.

Studios are being attracted to non-traditional media to differentiate themselves and the films, said Simon Kornblit, Universal's exec VP-worldwide marketing.

"Just [like] the way you want to be different with creative, now we're trying to be different with media," Mr. Kornblit said.

"Dances With Wolves" is the kind of film that may have a tough time finding an audience in a holiday season packed with more commercial films, Hollywood observers say.

Though Mr. Costner, who also co-produces and directs, has considerable box office drawing power, the film's 3-hour length and genre may discourage some moviegoers. That's where target

(Continued on Page 67)

Ben Glass/Orion Pictures

Kevin Costner stars as a young soldier in the Indian epic "Dances With Wolves."

Questions surround L.A. Gear review Page 2 ▪ **What are viewers' favorite new TV shows** Page 3

NEWS SUMMARY

■ **Orion Pictures** has joined the movie industry trend toward non-traditional media and narrowly targeted audiences in promoting "Dances With Wolves." **1**

■ **Ogilvy & Mather** and N W Ayer are expected to join a growing list of agencies restructuring for efficiency. **1**

■ **American Express** has joined with MCI and US Sprint to offer cardholders 10% discounts on long-distance calls through the two services. **3**

■ **California Advertising Alliance** has been formed by advertising interests in the state to fight efforts to regulate or tax advertising. **4**

■ **New beverage products** shown at InterBev '90 include imported spring water and clear colas. **4**

■ **Time Warner** acquired full ownership of *In Health* and *Hippocrates* from Hippocrates Partners. **6**

■ **Business Month** was folded by Goldhirsh Group. **6**

■ **Cepacol** throat lozenges are being repositioned as relief for irritated throats in a new ad from Marion Merrell Dow. **16**

■ **Trade promotions,** including slotting allowances, account for an average of 16% of manufacturers' product introduction costs, an industry study says. **16**

■ **Royal Crown Cola Co.** will use comparative advertising against Coca-Cola and Pepsi-Cola next year. **20**

■ **Jamaica Tourist Board's** first new campaign in five years features reggae music inspired by Bob Marley. **22**

■ **NBC** is getting record prices for time on National Basketball Association telecasts, in contrast to losses elsewhere in the TV sports marketplace. **24**

■ **K mart** will introduce its new logo and other changes in TV spots featuring Chairman Joseph Antonini. **24**

■ **Sears, Roebuck & Co.** is the sole sponsor of a special *Time* issue devoted to women. **25**

■ **Nestle** will re-enter Germany's frozen-food market in January with Findus Lean Cuisine and Buitoni products. **42**

■ **Most major newspapers** showed circulation gains in the latest report from the Audit Bureau of Circulations. **48**

■ **"Creativity":** Frank Lowe, the world's greatest account man; profiles of set designers and cinematographers; and a guide to Eastern bloc locations. ("Creativity" is an *Ad Age* supplement available on request. Contact *Ad Age* Circulation, 965 E. Jefferson St., Detroit 48207. 1-800-992-9970.) *Starts after Page* **40**

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Green standards

States' report urges uniform federal guidelines

By Jennifer Lawrence

A multistate task force this week plans to unveil the first set of recommendations on environmental marketing claims.

The 50-page report is expected to be made public Nov. 8 and aims to encourage advertisers to adopt uniform guidelines when promoting green product benefits.

Although the 10-state task force will seek marketers' comments on the report, its publication nevertheless gives notice to marketers that certain green claims are considered misleading under state deceptive-ad-practices laws.

The document urges the federal government to develop national standards to define environmental claims. The states hope this report will lay the foundation for such standards.

Such development at the federal level appears stalled, meaning the states are likely to vigorously regulate green claims in the absence of federal initiative. Multistate investigations on green marketing claims have been under way since January.

"From the FTC's viewpoint, the commissioners have not yet decided if [green] guidelines are necessary," said Lee Peeler, associate director for advertising practices at the Federal Trade Commission's Consumer Protection Bureau. "All that has happened is that [Environmental Protection Agency Director William] Reilly said he would come to us and discuss it. We've both followed up, but there's nothing formal."

The report from the state attorneys general is said to be in three sections. The first is an overview of why the state attorneys general and federal agencies have become interested in examining environmental ad claims; the second summarizes testimony at a public forum on the subject held in St. Paul, Minn., in March.

The third and most important section provides general recommendations about the use of such terms as "ozone friendly," "biodegradable," "photodegradable," "recyclable" and "recycled." It also calls for developing a national regulatory scheme for environmental claims.

The multistate task force is being led by Minnesota Attorney General Hubert Humphrey III and his staff. The other nine participating states include officials from California, Florida, Massachusetts, Missouri, New York, Texas, Washington, Wisconsin and Utah.

"We prefer that these recommendations not be called guidelines," said Julie Vergeront, Minnesota special assistant attorney general. "Guideline is a loaded word. Instead, these are broad principles to provide interim guidance."

Ms. Vergeront said the states see the need for some companies to change their environmental claims, adding, "We feel there is confusion out there. The report provides an indication of practices we find troublesome."

Already, seven states have sued Mobil Chemical Co. for alleged deceptive degradable claims for its Hefty trash bags. Mobil settled with Texas and the other six suits are in litigation. About six other companies are under investigation for possible false green claims.

Ms. Vergeront emphasized the report will be distributed to marketers to obtain their comments.

The task force intends to avoid the problems associated with the National Association of Attorneys General air-fare ad guidelines distributed three years ago. In developing those national ad standards, NAAG angered marketers and ad industry groups that felt the federal government should set such standards. The courts upheld that view in the case of airline ad regulation (AA, Oct. 8). □

Steven W. Colford contributed to this story.

Shops shun L.A. Gear

By Marcy Magiera

L.A. Gear, already earning the reputation as a difficult client, is being dubbed "the Gallo of the south" by some California agency executives.

L.A. Gear has approached numerous agencies about handling the creative portion of its $68 million ad and promotion account. But by press time, the number of agencies that had declined to participate in the review outnumbered those that were planning to take part.

Los Angeles agencies Ketchum Advertising, Dailey & Associates and Rubin Postaer & Associates, as well as Goodby, Berlin & Silverstein, San Francisco, are believed to have refused L.A. Gear's offer to pitch.

BBDO Worldwide, Los Angeles, and San Francisco shops Goldberg Moser O'Neill and Mandelbaum Mooney Ashley are the only agencies that will definitely present speculative creative to L.A. Gear executives in mid-November.

Creative presentations will focus on a Super Bowl spot to introduce the athletic shoe marketer's Catapult technology, an L.A. Gear source said.

L.A. Gear late last week was still trying to persuade Hal Riney & Partners, San Francisco, and Fallon McElligott, Minneapolis, to take part in the review.

Foote, Cone & Belding and D'Arcy Masius Benton & Bowles, both Los Angeles, have also asked to be included in the review, but no decision has been made about letting them pitch. FCB's relationship with Levi Strauss & Co. is likely to keep the agency from participating, however. Besides athletic shoes, L.A. Gear also markets apparel.

Agency executives, many of whom said they couldn't be quoted about L.A. Gear because they had signed non-disclosure agreements with the marketer, are wary of the L.A. Gear account.

They're concerned that Exec VP Sandy Saemann, who in the past has created L.A. Gear's ads almost single-handedly, won't relinquish any creative control to an agency.

"I think they're basically looking to schmooze the financial community, to show they're less indulgent with Sandy Saemann."

Mr. Saemann didn't return phone calls.

Many agency executives also believe L.A. Gear will award a project to an agency in an effort to show Wall Street it's serious about making marketing changes but that the entire account will never materialize.

"They're sort of the Gallo of the south [southern California], aren't they?" said a principal of one agency that passed on the review, likening Mr. Saemann's control on L.A. Gear's advertising to E&J Gallo Winery Chairman Ernest Gallo's tight hold on Gallo advertising.

L.A. Gear executives "have made it clear [in the past] that they do not hold advertising agencies in high regard," said Phil Joanou, chairman-ceo of Dailey. For that reason, Mr. Joanou said he decided against pitching the account.

"I think they're basically looking to schmooze the financial community, to show they're less indulgent with Sandy Saemann," said Richard Groff, Ketchum's VP-strategic planning and development.

Like Gallo, L.A. Gear may keep handing out assignments as a way of getting its creative done, without ever awarding its account to one agency.

"When you get this assignment, you don't necessarily get the account," said one agency executive who last week approached L.A. Gear about joining the pitch.

"It's a total crapshoot" that any long-term relationship would come out of this, said an executive with another agency pursuing the account.

"We want to hire an outside agency," said Michael Albright, L.A. Gear's creative director. He said the company intends to assign its entire creative account, not just a project, to the agency chosen. The company once hired an outside agency, Ogilvy & Mather, Los Angeles, in 1986, but severed the relationship after a few weeks.

Though he acknowledged several agencies approached by L.A. Gear declined to pursue the business, Mr. Albright said he was "swamped" with calls from agencies seeking entree to the review.

"We're going to make a decision as quickly as possible," he said. Mr. Albright admitted that if L.A.

(Continued on Page 67)

Safety first!

Safety's the ticket when business travelers are deciding which airline to fly, according to an exclusive *Advertising Age*/Gallup Organization poll of 1,050 people. Pleasure travelers say an airline's safety record and ticket price are equally important factors when they select a carrier.

AD AGE GALLUP SURVEY

"I'm surprised the responses weren't 100% safety record," says James O'Donnell, chairman of Seabrook Marketing and a former airline marketing executive.

How average consumers form their impressions of an air carrier's safety record is uncertain, however, because this information typically is not a part of airline advertising campaigns.

"Consumers are rarely in a position to make safety judgments. They usually use the term as a proxy for airlines' overall reliability.

"We know price is the predominant factor for leisure travelers, but often they won't admit it," says Mr. O'Donnell. "Business travelers are largely price insensitive, but they, too, are often ashamed to admit they don't care about price."

"The pleasure travel results make . . . sense—that safety and price are two issues for someone who doesn't fly a lot," says Jack Trout, president of Trout & Ries, a marketing strategist. "The safety issue is tricky, because where do consumers get statistics on that?"

The economic and financial turbulence that some airlines are currently experiencing may be bringing consumers' safety concerns to the surface, Mr. Trout says. Safety "might be an issue because some carriers are losing money and people might worry about maintenance," the executive says. □

Just get me there in one piece!

Which factor is most important in your selection of an airline?

Factor	Pleasure travel Total	Men	Women	Business travel Total	Men	Women
Safety record	30%	26%	33%	19%	16%	22%
Ticket price	30	31	29	13	17	9
Schedule convenience	13	14	12	18	19	16
On-time performance	6	10	2	16	18	14
Frequent flyer program	3	4	3	4	5	4
Don't fly	12	10	14	23	20	26
Don't know/any/other	7	5	8	5	5	7

Source: Exclusive Gallup Organization/Advertising Age phone survey of 1,050 people. Respondent group makeup: 484 men, 566 women.

Advertising Age graphic: Holly Segura

Choosing A Test Market Shouldn't Be A Game Of Chance.

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THE SYRACUSE NEWSPAPERS
HERALD-JOURNAL ▲ Herald American ▲ THE POST-STANDARD

Agency pay squeeze tarnishes one of the big glamor accounts

High pressure one thing, but profitability crucial

An Advertising Age roundup

Airline ad agencies are facing the final indignity.

The pressures in servicing an airline account are legendary: quick turnaround on creative; placing local media in multiple markets; intense price competition; killer hours; stiff client demands.

The payoff for agencies was receiving a commission on billings that were big enough to alleviate the trauma. Now, as airlines talk of pulling in their ad budgets and restructuring commission packages to cut costs, that incentive appears to be evaporating.

For Young & Rubicam, New York, not even $70 million in billings could convince it to stick with Trans World Airlines. The agency resigned the account last month rather than settle for what it considered an unfavorable payment structure.

Joseph DeDeo, president-ceo of Y&R, says the agency would have sustained unacceptable losses if it were to continue carrying the account. "We were already losing money on this account," he says.

According to an internal Y&R memo, TWA was "an especially difficult account with some very restrictive cost and timing requirements for creative work."

Agency executives say most major airlines compensate their agencies on a commission basis, typically paying 10% to 12% of billings—although they tend to gravitate toward the low end of that range.

"I don't think anybody's going to make a windfall on an airline account," says Dominick Rossi, president of N W Ayer, New York, which last spring lost Continental Airlines and shut its Houston office. "But those days are gone anyway. You can't operate at 7% [commission]."

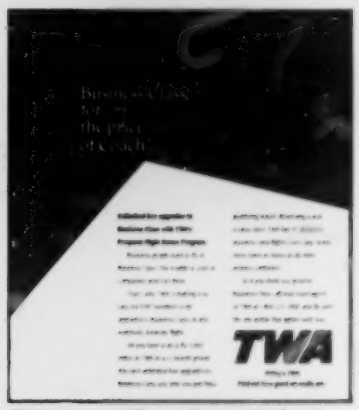
Mr. DeDeo doesn't necessarily blame the airlines for attempting to reduce costs. Deregulation, oil prices, mergers and acquisitions have saddled many airlines with enormous debt, he says.

"It's tough [for them] to make a buck," Mr. DeDeo says.

TWA is conducting a review for a small agency to replace Y&R. If that fails, the carrier may set up an in-house domestic agency and assign European advertising to a new outside agency.

Agency executives say that, given the financial conditions TWA wants to impose, the account is not very attractive.

"There may be an agency that would take it to get the new business. But their financial people and their creative people will hate them in the morning," says one agency executive.



TWA ads currently running are the last to come from Young & Rubicam, which resigned the account because it couldn't make money on a $70 million account.

Paul Gold, exec VP-account director on the American Airlines account at Bozell, Dallas, doesn't think many airlines will try in-house agencies.

"Airlines are basically looking to cut costs, and that kind of [in-house] operation does not cut costs," he says.

Alan Campbell, senior VP-group director of Ogilvy & Mather, New York, which handles Eastern Airlines, agrees economic problems will continue to reshape client-agency relationships.

"When [airlines] have problems, they make changes. They make changes in management, and [new] management makes changes in agencies," he says.

Although client-agency relationships appear stable at the Big 3 carriers—American Airlines, United Airlines and Delta Air Lines—management and ownership changes among many air carriers have created a round robin of agency hiring and firing *(see box below.)*

Despite the activity, airline marketing executives aren't anxious to switch agencies, even if the shop has experience in the category.

If there's trouble with the client's agency relationship, it's bet-

(Continued on Page S-10)

LOST IN TRANSIT

Airline account shifts may soon rival non-stop flights from O'Hare to LaGuardia in frequency. Here's a rundown of recent departures and arrivals:

- Young & Rubicam, New York, resigned the Trans World Airlines account. TWA plans to bring the account in-house or hire a small shop.
- Eastern Airlines replaced Lintas:New York with Ogilvy & Mather, New York.
- The Trump Shuttle account went to Great Scott Advertising, New York, after the carrier split from Scali, McCabe, Sloves, New York.
- Continental Airlines dropped N W Ayer for Wells, Rich, Greene, New York.
- In 1988, WRG left Pan American World Airways and was replaced by Della Femina, McNamee, New York, and Grey Advertising, New York. □

Spotlighting frequent-flier programs: Who spends the most, who leads the pack, who offers the most perks

AIRLINE	NAME OF PROGRAM	TOTAL FIRST-QUARTER AD SPENDING	ESTIMATED COST OF PROGRAM	AGENCY OF RECORD	FREQUENT-FLIER AGENCY	PROGRAM INITIATED	MEMBERS	TRAVEL PARTNERS/OTHER PROMOTIONAL TIE-INS Hotels/rentals/airlines/cruises	MILEAGE NEEDED (for free round-trip, continental U.S.)
AMERICAN AIRLINES	AAdvantage Program	$62.6 million	$15 million	Bozell, Dallas	Bozell and in-house	1981	More than 11 million	Hotels: Hilton Hotels, Inter-Continental Hotels, Marriott Hotels, Sheraton Resort, Wyndham. Car rentals: Avis Car Rentals, Hertz Corp., Ansa. Airlines: American Eagle Airlines, British Airways, Cathay Pacific, Singapore Airlines. Promotions: MCI Communications Corp. (earn five miles for each $1 in long-distance calling), Citibank Visa and MasterCard (earn one mile for each $1 charged)	20,000
UNITED AIRLINES	Mileage Plus	$47.3 million	$13 million	Leo Burnett USA, Chicago	MPI, Carson, Calif., a UAL subsidiary	1981	11 million	Hotels: Hilton Hotels, Hyatt Hotels and Resorts, Kempinski Hotels, Sheraton Resort, Westin Hotels and Resorts. Car Rentals: Alamo Rent-A-Car, Dollar Rent A Car, Hertz Corp. Airlines: Air France, Alitalia Airlines, British Airways, Iberia, KLM Royal Dutch Airlines, SAS, Swissair. Promotions: Mileage Plus First Card: Visa and MasterCard ($1 charged = 1 mile credit)	20,000 (includes flights to Canada or Mexico)
DELTA AIR LINES	Delta Frequent Flyer	$46.2 million	$9 million	BBDO, Atlanta	BBDO	1981	6.8 million	Hotels: Marriott Hotels, Hyatt Hotels and Resorts, Preferred Hotels Worldwide, Hilton Hotels, Hilton International, Trusthouse Forte Hotels. Car rentals: Alamo Rent-A-Car, Avis Car Rentals, National Car Rental. Airlines: Air Canada, Air New Zealand, Japan Air Lines, KLM Royal Dutch Airlines, Lufthansa German Airlines, Swissair. Promotions: none	40,000
CONTINENTAL AIRLINES CORP	OnePass (with Eastern)	$25.8 million	$12 million	Wells, Rich, Greene, New York	Lintas Campbell-Ewald, Warren, Mich., and Rapp Collins Marcoa, Dallas	1987	5 million	Hotels: Marriott Hotels, Astor Hotels, Radisson Hotels, Doubletree Hotels, Camino Real Hotels, Consort Hotels. Car rentals: National Car Rental, Thrifty Rent-A-Car. Promotions: none	20,000
EASTERN AIRLINES	OnePass (with Continental)	$20.4 million	$12 million	Ogilvy & Mather, New York	Lintas Campbell-Ewald, Warren, Mich., and Rapp Collins Marcoa, Dallas	1987	5 million	Hotels: Marriott Hotels, Astor Hotels, Radisson Hotels, Doubletree Hotels, Camino Real Hotels, Consort Hotels. Car rentals: National Car Rental, Thrifty Rent-A-Car. Promotions: none	20,000
NORTHWEST AIRLINES	WorldPerks	$26.7 million	$11 million	Saatchi & Saatchi Advertising, New York	Kotsar & Hartwell, Minneapolis	1983	5 million	Hotels: Hyatt Hotels & Resorts, Marriott Hotels, Radisson Hotels, Westin Hotels & Resorts. Car rentals: Budget Rent A Car, National Car Rental, Hertz Corp. Promotions: MCI Communications Corp. ($1 billed = 5 miles credit), WorldPerks Visa Card ($1 charged = 1 mile credit)	20,000
PAN AMERICAN WORLD AIRWAYS	World Pass	$25.7 million	$5 million	Della Femina McNamee, New York	in-house sales development group	1982	More than 1 million	Hotels: Sheraton Resort, Inter-Continental and Forum Hotels. Car rentals: Avis Car Rentals, Alamo Rent-A-Car, Dollar Rent A Car. Airlines: Pan Am Shuttle, Pan Am Express. Cruise lines: Carnival Cruise Lines, Crystal Palace Resort	20,000
TRANS WORLD AIRLINES	TWA Frequent Flight Bonus Program	$24.5 million	$12 million	Young & Rubicam, New York, through December	Y&R through December	1981	not available	Hotels: Trusthouse Forte Hotels, Adam's Mark Hotels, Marriott Hotels. Car rentals: Thrifty Rent-A-Car, Dollar Rent A Car. Airlines: Philippine Airlines, New York Helicopter, Air India, Air New Zealand, Alaska Airlines, Trans World Express. Promotions: Chase Manhattan Visa ($1 charged = 1 mile credit)	20,000
USAir GROUP	USAir Frequent Traveler Program	$15.9 million	$8 million	Earle Palmer Brown Cos., Bethesda, Md.	Earle Palmer Brown Cos.	1985	not available	Hotels: Hilton Hotels, Hyatt Hotels and Resorts, Marriott Hotels, Omni Hotels, Radisson Hotels, Stouffer Hotels and Resorts, Westin Hotels and Resorts. Car rentals: Hertz Corp., National Tiden Car Rental. Airlines: USAir Express, Air France, Air New Zealand, Alitalia Airlines, British Airways, KLM Royal Dutch Airlines, Lufthansa German Airlines, Northwest Airlines, Sabena World Airlines, Swissair. Cruise lines: Carnival Cruise Lines. Promotions: NCNB Credit Card ($1 charged = 1 mile)	20,000
SOUTHWEST AIRLINES	Company Club	$7.7 million	not available	GSD&M, Austin, Texas	GSD&M	1988	not available	none	Ten trips needed for membership, earn free trip after every eight trips

Sources: LNA Arbitron Multi-Media Service for ad spending; Randy Petersen, editor publisher, Frequent Publications, for estimated cost of program to airlines; numbers based on cost per member enrolled and are net after the exchange of income from partners such as affinity credit cards, car rental and hotels. Company sources for individual airline information. Information compiled by Sarah Polster.

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Agencies

(Continued from Page S-2)

ter to restructure people on the account than to make an agency change, says John Ruhaak, United's VP-advertising and promotion. "Changing agencies is hard work, and you lose ground for months while the new agency learns the business," he says.

Most new agencies are completely overwhelmed by the heavy volume of work and short turnaround time, says Michael Henderson, Eastern Airlines' staff VP-advertising and marketing communications.

The pace picks up even more when a competitor launches a fare initiative. "We have to order space and create well over 100 ads that need to run within four days," says Tom Morris, American Airlines' managing director-advertising and sales promotion. "The high intensity nature of the business puts pressure on the agency to perform."

Despite this, Mr. Henderson says agencies are drawn to the excitement of airline accounts, a statement agency executives confirm.

> "I don't think anybody's going to make a windfall on an airline."

FCB/Leber Katz Partners, New York, doesn't handle an airline account, but President Charles Taney says he'd like one.

"They're attractive on a couple of levels," he says. "The first is prestige; it's usually a great name to have at an agency. The second is the possibility of having spectacular creative. The third is . . . it's good volume and good revenue."

Mr. Campbell agrees, saying, "It's a major category, and the big ones spend big."

But he also says the costs to agencies are high, particularly in requiring more media people to service it. "When you're running spot or radio in 35 markets, that's where the cost factor comes in."

The expense can be offset by the visibility airline accounts bring an agency, Mr. Gold says. "On the other hand, I don't think there's an account more difficult in the entire advertising industry than an airline account." ☐

Ed Fitch wrote this story with contributions from Jennifer Lawrence, Gary Levin and John Lafayette.

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Newspapers show circulation gains

By Ira Teinowitz

Newspapers may be very worried about a recession's effect on advertising, but they also got some good news last week: generally strong circulation reports.

The Audit Bureau of Circulations' FAS-FAX report for the six months ending Sept. 30 once again had most major newspapers reporting gains, led by the *Constitution* in Atlanta, up 11.5% to a daily circulation of 316,793, and the *Los Angeles Times*, up 8% to 1,196,323. The Atlanta paper reported Sunday circulation rose 4.4% to 680,267, while the *Times* reported its Sunday circulation up 7.5% to 1,518,000.

Thirty-seven of the top 50 papers reported daily circulation increases, and 33 of the top 50 reported Sunday gains. Several of the top 50 couldn't be tabulated because of major publishing cycle changes or implementation of joint operating agreements since last year.

The report, however, contained some bad news for the already beleaguered *New York Daily News*. Six months after being forced to cede its claim as the U.S.' largest-circulation metro daily to the *L.A. Times*, the *News* lost its claim to being even New York's largest paper.

The New York Times took that title, boosted by a 3.8% gain in daily circulation to 1,108,447 and a 3.6% jump in Sunday circulation to 1,686,974. The *Daily News* saw its daily circulation slide 8.1% to 1,097,693 and Sunday circulation drop 1.5% to 1,401,403. The *Times* reported some of the gains came from a 13.8% boost in circulation of its national edition. The *New York Post* reversed its recent decline, with circulation up 0.5% to 510,219.

Thirty-seven of the top 50 papers reported daily circulation increases, and 33 of the top 50 reported Sunday gains. Several of the top 50 couldn't be tabulated because of major publishing cycle changes or implementation of joint operating agreements since last year.

Also reporting bad news was the *Chicago Sun-Times*, which saw its daily circulation slip 1.6% to 527,238 and its Sunday circulation drop 2.7% to 548,091.

Among others reporting losses: *The Milwaukee Journal*, down 3.7% to 265,461 daily and 0.1% to 505,074 on Sunday; the *Sun-Sentinel*, Fort Lauderdale, Fla., down 5.3% to 223,942 daily and 1.5% to 305,804 on Sunday; and the *Philadelphia Daily News*, down 3.0% to 225,063 daily.

The *Sun-Times* said its rate of decline is decreasing and noted that circulation decreases by the rival *Chicago Tribune* within the city had increased the *Sun-Times'* lead in the city on daily circulation and narrowed the *Tribune's* Sunday lead.

The *Sun-Sentinel* blamed price increases taken to avoid having to raise ad rates.

The latest figures include results from new JOAs in Detroit and Las Vegas, Nev., and the elimination of afternoon papers in Kansas City, Mo., and Raleigh, N.C.

The Detroit *Sunday News & Free Press* reported 1,239,417 circulation, down 18.5% from last year's 1,519,920 for two separate papers.

The circulation gains weren't entirely unexpected.

"Typically, the number of households is growing at a rate of 1% a year, so it's not a surprise that circulation is growing," said Al Golin, VP-director of research for the Newspaper Advertising Bureau. "It often is easier to gain in sales than in penetration."

Still, Mr. Golin said the gains may reflect the newpaper industry's recent intense focus on marketing.

"There is a new emphasis on marketing inside the newspaper industry that is starting to pay off," he said.

Several of the local papers also reported special local circumstances that led to gains.

The *L.A. Times* attributed as much as half its gain to the folding of the *Los Angeles Herald Examiner* last November. The *Times*, however, also noted that it introduced a faster-reading format a year ago and on March 12 introduced its fourth suburban regional version of the paper.

The paper also has been offering discounts to cable TV subscribers who get the Sunday edition. The *Times'* Sunday circulation rose 19% in Orange County, where the paper provides a localized TV guide for local cable systems and then offers cable subscribers initial discounts of up to 50% on Sunday subscriptions, said Jeffrey S. Klein, assistant to the publisher.

Officials at Atlanta's *Constitution*, however, said the only major change they had made was to be more aggressive in circulation marketing. They suggested that readers may have been drawn to the paper as a result of changes made by new Editor Ron Martin, formerly of *USA Today*.

"We have a newspaper edited by Ron Martin that people love to read," said Dennis Berry, president of Atlanta Newspapers. Mr. Berry also noted that some local news stories—including Atlanta's win in its bid to host the 1992 Olympics—helped sales. ☐

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Top 100 newspapers by circulation

Ratings based on Audit Bureau of Circulations information. Figures are for six months ending Sept. 30 compared with the same six-month period last year, except where noted. Where papers reported Monday through Thursday circulation and separately for higher-selling Friday papers, the figures are weighted averages of the two.

Rank	Newspaper	Circulation	% chg	Sun. circ.	% chg
1	Wall Street Journal	1,857,131	1.2	—	NA
2	USA Today[1]	1,427,604	2.2	—	NA
3	Los Angeles Times	1,196,323	8.0	1,518,000	7.5
4	New York Times	1,108,447	3.8	1,686,974	3.6
5	New York Daily News	1,097,693	(8.1)	1,401,403	(1.5)
6	Washington Post	780,582	1.0	1,137,034	1.0
7	Chicago Tribune	721,067	0.1	1,101,966	(1.9)
8	(Long Island, N.Y.) Newsday	714,128	2.0	731,170	1.4
9	Detroit Free Press[12]	636,162	1.6	1,239,417	NA
10	San Francisco Chronicle†	562,887	0.4	710,516	(0.1)
11	Chicago Sun-Times	527,238	(1.6)	548,091	(2.7)
12	Boston Globe	521,354	1.0	791,605	0.6
13	New York Post	510,219	0.5	—	NA
14	Detroit News[2]	500,980	NA	—	NA
15	Newark Star-Ledger	476,257	2.7	693,183	2.7
16	Houston Chronicle	442,044	1.0	620,779	4.2
17	Cleveland Plain Dealer	426,012	(1.3)	560,871	(0.3)
18	Miami Herald	414,646	0.4	520,075	0.8
19	(Minneapolis) Star Tribune	407,441	0.3	666,840	1.6
20	Dallas Morning News	397,555	4.0	585,950	6.1
21	St. Louis Post-Dispatch	382,381	1.5	561,630	0.7
22	Boston Herald	358,925	0.2	239,091	(3.1)
23	Orange County Register	353,637	2.8	406,696	2.8
24	(Denver) Rocky Mountain News	351,996	2.4	407,889	1.6
25	Phoenix Republic	330,706	2.5	517,212	1.7
26	Houston Post	328,671	1.0	370,449	0.9
27	St. Petersburg (Fla.) Times	324,982	0.6	424,432	1.9
28	(Portland, Ore.) Oregonian	324,163	4.4	431,989	4.5
29	Atlanta Constitution†	316,793	11.5	680,267	4.4
30	Buffalo News	306,714	(1.1)	378,574	(0.1)
31	Kansas City Star[3]	287,345	NA	415,717	0.2
32	New Orleans Times-Picayune	278,990	1.0	326,167	(0.6)
33	San Jose (Calif.) Mercury News	278,676	1.5	330,791	0.5
34	Orlando (Fla.) Sentinel	273,761	5.5	376,003	4.4
35	Tampa (Fla.) Tribune†	270,360	8.1	364,269	6.2
36	Milwaukee Journal	265,461	(3.7)	505,074	(0.1)
37	San Diego Union	265,246	(1.2)	436,225	(0.4)
38	Sacramento (Calif.) Bee	264,462	1.9	328,018	4.8
39	Fort Worth Star-Telegram	259,014	2.1	334,270	2.6
40	Columbus Dispatch	250,572	(0.6)	389,319	1.6
41	(Baltimore) Morning Sun	243,609	2.1	494,112	1.8
42	Denver Post	243,292	2.0	407,561	3.0
43	Charlotte (N.C.) Observer	236,802	0.1	298,749	1.0
44	Seattle Times	233,995	0.4	—	NA
45	Louisville Courier-Journal	233,714	1.2	325,443	1.0
46	Pittsburgh Press	231,910	(0.2)	564,402	0.3
47	Indianapolis Star	226,582	(2.7)	411,044	0.7
48	Hartford Courant	228,075	0.1	314,846	2.3
49	Dallas Times-Herald[4]	227,758	0.9	340,297	3.2
50	Philadelphia Daily News	225,063	(3.0)	—	NA
51	Fort Lauderdale (Fla.) Sun-Sentinel	223,942	(5.3)	305,804	(1.5)
52	Oklahoma City Oklahoman	221,585	0.6	326,284	3.0
53	Omaha (Neb.) World-Herald	220,050	0.4	284,223	0.0
54	Memphis Commercial Appeal	210,477	0.6	268,866	(0.5)
55	Des Moines Register	207,126	(1.3)	346,275	(1.9)
56	Seattle Post-Intelligencer†	205,357	0.9	510,290	1.3
57	Providence (R.I.) Journal-Bulletin	204,337	0.1	265,210	(0.1)
58	St. Paul Pioneer Press	202,705	1.1	261,557	0.2
59	(Los Angeles) Daily News	199,589	7.5	215,586	6.4
60	Cincinnati Enquirer	199,012	1.4	342,076	1.3
61	Atlanta Journal	191,811	5.7	—	NA
62	San Antonio (Texas) Express-News	185,589	3.9	273,227	2.8
63	Dayton (Ohio) Daily News	183,633	2.8	230,918	1.2
64	Jacksonville (Fla.) Times-Union	179,085	3.0	245,414	4.6
65	Milwaukee Sentinel	176,549	(1.0)	—	NA
66	Austin (Texas) American-Statesman	173,368	0.5	219,857	0.7
67	Birmingham (Ala.) News	169,660	(0.4)	207,138	0.4
68	West Palm Beach (Fla.) Post	167,193	5.2	212,129	4.1
69	(Baltimore) Evening Sun	166,684	(2.4)	—	NA
70	San Antonio Light	165,432	(1.0)	234,011	(2.8)
71	Westchester-Rockland (N.Y.) Newspapers	165,059	0.2	193,858	3.4
72	Pittsburgh Post-Gazette	162,520	(1.1)	—	NA
73	Asbury Park (N.J.) Press	159,629	6.0	228,140	4.0
74	(Bergen, N.J.) Daily Record	159,550	2.3	228,158	0.7
75	Riverside (Calif.) Press-Enterprise	154,764	5.0	163,246	4.8
76	Akron (Ohio) Beacon Journal	154,134	0.4	222,899	0.4
77	(Norfolk) Virginian-Pilot†	153,181	1.5	241,549	2.6
78	Toledo (Ohio) Blade	153,023	(1.6)	215,463	(2.2)
79	Raleigh (N.C.) News & Observer[5]	150,267	NA	184,226	(1.4)
80	Columbia (S.C.) State	145,528	2.7	172,936	3.3
81	Fresno Bee	145,169	(1.1)	179,731	2.0
82	Grand Rapids (Mich.) Press	144,800	1.2	191,095	1.4
83	Richmond (Va.) Times-Dispatch	143,141	0.7	259,093	3.7
84	North Jersey Newspapers	140,260	(0.3)	55,211	2.0
85	Allentown (Penn.) Call	136,435	(0.6)	181,784	(0.7)
86	San Francisco Examiner	136,346	(1.2)	—	NA
87	Las Vegas Review-Journal†[6]	135,311	NA	204,174	NA
88	Little Rock (Ark.) Gazette	134,414	(8.6)	213,112	(5.0)
89	(Long Beach, Calif.) Press-Telegram	132,898	3.8	153,183	2.0
90	Rochester (N.Y.) Democrat & Chronicle	132,603	2.5	260,322	2.1
91	Copley Los Angeles Newspapers	130,888	0.6	124,160	(0.5)
92	Little Rock (Ark.) Democrat	130,024	16.2	223,663	8.0
93	Tulsa (Okla.) World	125,037	1.2	241,878	1.0
94	Lexington (Ky.) Herald-Leader	124,000	1.1	157,908	2.5
95	Albuquerque (N.M.) Journal	121,030	2.6	158,078	2.8
96	Wichita (Kan.) Eagle Beacon	120,828	1.5	196,906	2.0
97	(Wilmington, Del.) News Journal	120,653	0.4	139,833	1.8
98	Worcester (Mass.) Telegram & Gazette†	118,192	(2.0)	135,891	1.7
99	Tacoma (Wash.) News Tribune	117,881	(0.8)	134,866	4.2
100	San Diego Tribune	115,673	(5.1)	—	NA

Notes: The Philadelphia Inquirer and the Nashville Tennessean did not file in time to make ABC's report. Figures for Omaha World-Telegram and Fort Worth Star-Telegram now combine AM & PM edition circulations, reflecting that advertising can no longer be bought for individual papers. Rochester N.Y. figures are 3-month averages. † USA Today reported Monday through Thursday circulation of 1,547,450, up 1.7% with circulation at the Friday weekend edition rising 4.0% to 1,748,218. [2] Detroit figures reflect differences following implementation of joint operating agreement Nov. 27, 1989 in which Detroit Free Press became AM paper and Detroit News became PM with joint paper published Saturdays and Sundays. [3] Kansas City figures reflect March 1 combination of AM Kansas City Times and PM Kansas City Star into an AM Kansas City Star. [4] Dallas Times Herald reflect Monday through Saturday comparison. This paper reported Monday through Friday circulation of 221,901. [5] Reflects elimination of PM Raleigh Times on Dec. 1, 1989. [6] Las Vegas numbers are for period starting July 1 and reflect switch of the Review-Journal to AM as part of a joint operating agreement that saw the formerly morning Sun become an afternoon paper. † Sunday paper under another name.

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